

Blue Shield of California

NetValue Implementation

December 18, 2007

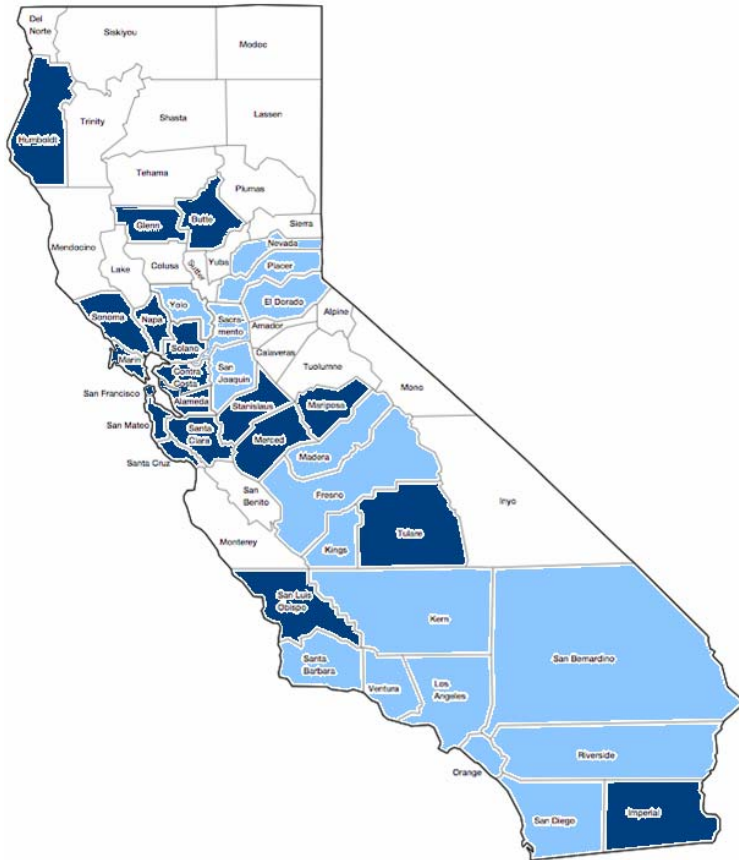
background

NetValue HMO plan highlights

- NetValue HMO plan offers smaller, more efficient physician network offered side-by-side with current network
- meets quality standards based on nationally-recognized quality of care measures
- provides incentive for member shift
- The 2008 NetValue Basic premiums provide a rate reduction of 10% as compared to the 2008 Access+ Basic premiums

NetValue network overview

NetValue service area



= Access+ Counties

Alameda, Butte, Contra Costa, Glenn, Humboldt, Imperial, Marin, Mariposa, Merced, Napa, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus and Tulare



= NetValue HMO Counties

El Dorado*, Fresno, Kern*, Kings, Los Angeles*, Madera, Nevada*, Orange, Placer*, Riverside*, Sacramento*, San Bernardino*, San Diego*, San Joaquin*, Santa Barbara*, Ventura* and Yolo. *
The NetValue plan is available only in portions of these counties.

NetValue providers

- 106 of 248 IPAs (43%) in the 17-county service area are in the NetValue network
- IPAs are evaluated for inclusion into NetValue based on quality and efficiency criteria

quality criteria	<ul style="list-style-type: none">▪ clinical: 7 publicly reported Integrated Healthcare Association (IHA) Pay for Performance (P4P) metrics▪ patient satisfaction: 7 metrics collected through the IHA Pay for Performance program▪ grievances, appeals, and complaints
efficiency criteria	<ul style="list-style-type: none">▪ evaluated the total integrated cost of care by medical group and/or IPA by geographic region

NetValue providers (cont'd)

NetValue encourages providers not currently included in the NetValue network to partner with Blue Shield to improve their economic arrangements.

- Blue Shield's provider website includes a brief description of the program and outlines which medical groups and counties have been included
- Blue Shield has worked with medical or provider groups wishing to change their economic arrangements in order to meet the established criteria
- Requests for re-evaluation by 20 excluded groups have been reviewed, two of which have resulted in being added to the network

NetValue membership overview

NetValue enrollment estimates

Total Members Enrolled in NetValue	Total Members Transferred from Access+ to NetValue	101,299	88%
115,424	Total Members Transferred from other CalPERS Health Plans	14,125	12%

Note: Enrollment totals based on preliminary CalPERS membership report as-of 11/7/2007

2008 activities

- Blue Shield will track written and verbal member satisfaction related to appeals, complaints or potential quality issues through the Grievance & Appeals reporting process
- Starting in January 2008, Blue Shield will provide quarterly reports to CalPERS which will highlight the types of member grievances, including if they are provider related
- In Spring 2008, Blue Shield will conduct its annual review of the NetValue network configuration providing medical groups with the opportunity to change their economic arrangements to meet the qualifying criteria for inclusion into the network for 2009

summary

NetValue delivers member choice & significant savings

- offered side-by-side with current Access+ network with over half of Blue Shield CalPERS members having a NetValue choice
- allows members continued access to the same comprehensive benefits
- encourages providers that are not currently included in the NetValue network to partner with Blue Shield to improve their economic arrangements
- delivers significant premium savings for members choosing NetValue
- encourages members to use more efficient providers